

Message Text

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ACTION EA-10

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P R 071008Z JUL 75

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 474

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

CINCPAC

C O N F I D E T I A L KUALA LUMPUR 3889

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, PFOR, MY, RP

SUBJ: SABAH-FEDERAL GOVERNMENT RELATIONS

REF: A) KL 3732 B) KL 3552

1. SUMMARY: ACCORDING TO SABAH SOURCE, PERSONAL RELATIONSHIP BETWEEN SABAH CHIEF MINISTER TUN MUSTAPHA AND PRIME MINISTER RAZAK IS SEVERELY STRAINED, IMPEDING SETTLEMENT OF OUTSTANDING ISSUES, MAINLY ECONOMIC, IN FEDERAL-STATE RELATIONS. PM RAZAK, SEEKING TO FORCE MUSTAPHA'S VOLUNTARY RETIREMENT, IS ATTEMPTING TO PUT TOGETHER NEW STATE ADMINISTRATION, WHILE MUSTAPHA IS USING THREAT OF SECESSION TO OBTAIN MORE POLITICAL SUPPORT WITHIN THE STATE. OUTCOME OF THESE POWER PLAYS CANNOT BE PREDICTED BU OUR SOURCE BELIEVES MUSTAPHA MAY BE FORCED OUT WITIN A YEAR. ALSO, SABAH'S SUPPORT OF SOUTHERN PHILIPPINE MUSLIM REBELLION HAS BEEN RELEGATED TO SIDE ISSUE AS TEST OF STRENGTH BETWEEN RAZAK AND
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MUSTAPHA DOMINATES SCENE. END SUMMARY.

2. SABAH ACADEMICIAN, A KADAZAN, WHO RECENTLY RETURNED FROM FIVE-WEEK VISIT TO KOTA KINABALU TOLD US JUL 3 THAT PERSONAL RELATIONS BETWEEN RAZAK AND MUSTAPHA HAVE DETERIORATED TO POINT WHERE THEY ARE VIRTUALLY NOT SPEAKING TO EACH OTHER AND THAT MUSTAPHA HAS VOWED NOT TO GIVE IN TO RAZAK AND FEDERAL GOVT ON FINANCIAL AND OTHER ISSUES (REFB). PROBLEMS OF FEDERAL SUBSIDIES TO STATE TREASURY, PETRONAS AGREEMENT, APPLICATION OF INDUSTRIAL COORDINATION ACT TO SABAH AND OTHER OUTSTANDING ISSUES, SOURCE OPINED, IN THEMSELVES ARE NOT SO SERIOUS AS TO PROVOKE SABAH SECESSION BUT MUSTAPHA HAS ATTEMPTED TO MOBILIZE NATIONALISTIC SENTIMENT IN SABAH AGAINST WHAT HE CONSIDERS TO BE FURTHER FEDERAL GOVT ENCROACHMENT ON STATE'S RIGHTS.

3. MUSTAPHA CONVENED MEETING OF TOP STATE CIVIL SERVANTS AND UNITED SABAH NATIONAL ORGANIZATION (USNO) LEADER ON MAY 28 TO CONSIDER SABAH'S POSITION IN FEDERATION. ONLY CONCLUSION REACHED WAS THAT STATE SHOULD DEMAND ADDITIONAL MALAYSIAN DOLLARS 100 MILLION (APPROX U.S. DOLLARS 40 MILLION) FROM FEDERAL GOVT AS REPAYMENT FOR DEVELOPMENT PROJECTS FINANCED UNILATERALLY BY STATE TREASURY. SABAH WANTS TO BE REIMBURSED FOR PROJECTS, SUCH AS TELEVISION NETWORK, FINANCED BY STATE GOVT IN RECENT YEARS BECAUSE FEDERAL GOVT WAS EITHER UNABLE OR UNWILLING TO DO SO. REIMBURSEMENT ISSUE IS PARTICULARLY IMPORTANT AT THIS TIME BECAUSE STATE TREASURY HAS BEEN HURT BY FALLOFF IN TIMBER EXPORT REVENUES.

4. SINCE MUSTAPHA REFUSED TO TAKE UP DEFENSE MINISTER POST IN SEPT 1974, SOURCE CONTINUED, HIS RELATIONS WITH RAZAK HAVE BECOME INCREASINGLY STRAINED. PREVIOUSLY, THE TWO MEN PUBLICLY MAINTAINED AN "OLDER BROTHER-YOUNGER BROTHER" RELATIONSHIP AS USUAL IN MALAY POLITICAL TRADITION, BUT NOW MUSTAPHA AND RAZAK ARE COLDLY FORMAL WITH EACH OTHER. SOURCE SAID RAZAK'S OBJECTIVE IS TO SECURE MUSTAPHA'S VOLUNTARY RETIREMENT WITHOUT PUSHING MUSTAPHA TO POINT WHERE HE WILL UNILATERALLY DECLARE SABAH'S INDEPENDENCE. MUSTAPHA, FOR HIS PART, CONFIDENTIAL
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NOT ONLY WISHES TO RETAIN CHIEF MINISTER POST BUT ALSO TO REGAIN COMPLETE CONTROL OVER PROGRAMS, PRINCIPALLY EDUCATION AND PUBLIC WORKS, THAT HAVE BEEN TURNED OVER TO FEDERAL GOVT SINCE 1963 FEDERATION AGREEMENT (FOR BACKGROUND SEE KL A-196, 11/1/73).

5. RAZAK HAS CONTACTED SABAH LEADERS KNOWN TO BE OUT OF SYMPATHY WITH MUSTAPHA, INCLUDING FORMER STATE INDUSTRIAL DEVELOPMENT MINISTER DATUK HARRIS SALLEH, STATE WELFARE MINISTER DATUK YASSIN, ASSISTANT INDUSTRIAL DEVELOPMENT

MINISTER PETER MOJUNTIN AND SEVERAL CHINESE POLITICAL LEADERS, TO LINE UP NEW STATE ADMINISTRATION AFTER MUSTAPHA'S HOPED-FOR RETIREMENT. RAZAK'S PREFERENCE FOR CHIEF MINISTER WOULD BE HARRIS WITHA KADAZAN AS DEPUTY, ALTHOUGH AS INTERIM MEASURE HE WOULD ACCEPT PRESENT CHIEF OF STAT TUN MOHD. FUAD (DONALD STEPHENS) AS CHIEF MINISTER WITH HARRIS AS DEPUTY. FUAD-STEPHENS IS REPORTEDLY WILLING TO GO ALONG WITH RAZAK'S PLAN.

6 MUSTAPHA'S INVOLVEMENT IN SOUTHERN PHILIPPINES REBELLION HAS BEEN RELEGATED TO SIDE ISSUE IN FEDERAL-STATE RELATIONS. SOURCE SAID MUSTAPHA WANTS TO ENGINEER SETTLEMENT WITH GOP TO PREVENT RAZAK FROM DEALING WITH MARCOS BEHIND HIS BACK. SOURCE REASONED THAT CONTINUED ACTIVE SABAH SUPPORT OF MUSLIM REBELLION COULD BE USED AS PRETEXT BY RAZAK FOR CRACKDOWN ON MUSTAPHA; DISPATCH OF ASHKAR HASBOLLAH, SABAH GOVT "DEFENSE ADVISER," TO MANILA LAST MONTH IS THEREFORE SEEN AS PRE-EMPTIVE BID BY MUSTAPHA. SOURCE ALSO VOLUNTEERED THAT HASBOLLAH HAS ACTED AS MUSTAPHA'S GO-BETWEEN IN PHILIPPINE AFFAIRS BEFORE, BT HE DID NOT KNOW OUTCOME OF HASBOLLAH'S NEGOTIATIONS (SEE ALSO REF A).

7. SOURCE DOES NOT SEE EARLY RESOLUTION OF RAZAK-MUSTAPHA CONFLICT AND SPECULATED THAT TUG-OF-WAR MAY BE PROLONGED AS MUCH AS A YEAR. SABAH POLITICAL LEADERS ARE DIVIDED IN THEIR ALLEGIANCE: THEY RESENT MUSTAPHA'S DICTATORIAL WAYS BUT THEY ARE ALSO WARY OF BECOMING TOO CLOSE TO FEDERAL GOVT. SOURCE RULED OUT UNILATERAL DECLARATION OF SABAH INDEPENDENCE IN THIS MANEUVERING BECAUSE
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EVEN MUSTAPHA KNOWS THAT FEDERAL TROOPS IN SABAH AND SARAWAK COULD EASILY CRUSH AN REBELLION.

3. COMMENT: RAZAK'S STRATEGY IN DEALING WITH MUSTAPHA AND SABAH AFFAIRS HAS BEEN TO MOVE SLOWLY AND BEHIND-THE-SCENES IN AN EFFORT TO FORESTALL RESURGENCE OF SABAH NATIONALISM THAT WOULD THREATEN INTEGRITY OF FEDERATION. PERCEIVING THAT MUSTAPHA'S STRONG GRIP IN SABAH DEPENDS ON CHARISMATIC LEADERSHIP AMONG MALAY/SEGMENT OF POPULATION AS WELL AS ON THOSE WHO HAVE RECEIVED FAVORS AND CONCESSIONS FROM STATE GOVT OVER THE YEARS, RAZAK HAS HAD TO MOVE CAUTIOUSLY IN DEALING WITH HIM SO AS NOT TO PROVOKE NATIONALISTIC BACKLASH. OUTSTANDING PROBLEMS IN FEDERAL-STATE RELATIONS ARE REAL ENOUGH BUT COMPLETE EROSION OF GOOD FAITH BETWEEN MUSTAPHA'S FORCES AND FEDERAL GOVT AS DESCRIBED IN ABOVE CONVERSATION MAKES QUICK OR EASY SETTLEMENT OF DIFFERENCES EXTREMELY DIFFICULT, IF NOT UNLIKELY, AS LONG AS MUSTAPHA REMAINS ON THE SCENE.

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